Annual Financial Report

City of Haslet, Texas

Fiscal Year Ended September 30, 2025

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City of Haslet, Texas

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, Members of the City's Council, and Management
City of Haslet, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Haslet, Texas (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Error Correction and Change in the Reporting Entity

As disclosed in Note IV D of the financial statements, the City corrected certain errors and reclassified a governmental fund during the year. Our opinions are not modified concerning these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5–11, the budgetary comparison information on page 61 and the pension and OPEB tables on pages 62–67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements on pages 72-77, fund-level financial statements for the discretely presented component unit on pages 78-81, and budgetary comparison information for the component units on pages 82-83 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, fund-level financial statements for discretely presented component unit, and budgetary comparison information for the component units are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Vail + Park, P.C.

Tom Bean, Texas
March 27, 2026

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City of Haslet, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2025

As management of the City of Haslet, Texas (the "City"), we offer readers of the City of Haslet's financial statements this narrative overview and analysis of the financial activities of the City of Haslet, Texas for the year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- Total net position for the City of Haslet at the close of FY25 is $94,449,728. The unrestricted net position at the close of FY25 is $39,616,730.
- The City's total net position increased by $12,749,664 (15%) during fiscal year 2025.
- The City's governmental funds reported combined ending fund balances of $31,832,963. The fund balances increased by $5,458,643 (21%). $20,892,298 is unassigned. The General Fund's unassigned fund balance of $20,893,293 is equivalent to 280% of total 2025 General Fund expenditures, compared to 206% in 2024.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and Statement of Activities. These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a private-sector business.

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Governmental fund statements tell how services were financed in the short term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for funding requests and appropriations from the State.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

Reporting the City as a Whole – Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

Government-wide financial statements provide an analysis of the City's overall financial condition and operation. The primary objective of these statements is to show whether the City's financial condition has improved or deteriorated because of the year's activities.

The Statement of Net Position includes all the City's assets, deferred inflows of resources, deferred outflows of resources, and liabilities while the Statement of Activities includes all the revenue and expenses generated by the City's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

The City's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, 3) capital grants and contributions, and 4) general revenues not associated with any specific program function. All of the City's assets are reported whether they serve the current or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and change in them. The City's net position provides one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City however, non-financial factors should also be considered, such as changes in the City's request for services from citizens and the condition of the City's facilities.

The Statement of Net Position and the Statement of Activities report two kinds of activities, as well as one component unit:

Governmental Type Activities – City services such as police, fire protection, municipal court, parks, street maintenance, economic development and city administration are reported here. City property taxes and charges for services finance most of these activities.

Business-Type Activities - The City uses a proprietary (business-type) fund to account for its water, sewer, and sanitation operations. The services are supported by monthly charges to citizens.

Discretely Presented Component Unit – The Haslet Economic Development Corporation (Type B) is reported in a separate column since it meets the requirements for discrete presentation in the financial statements.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about each City fund. The City's three kinds of funds – governmental, proprietary, and fiduciary – use different accounting approaches.

Governmental Funds – The City reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the accounting differences between governmental activities, which are reported in the Statement of Net Position and the Statement of Activities and governmental funds in the reconciliation schedules.

Proprietary Funds – The City uses one proprietary (business-type) fund to account for its water, sewer, and sanitation operations. The full-accrual basis of accounting is used for all proprietary-type funds.

Fiduciary Funds – The City uses fiduciary funds to account for transactions of the Public Improvement Districts (PID). The full-accrual basis of accounting is used for these funds.

The table below provides a summary of the City's net position on September 30, 2025 and 2024.

Summary of Net Position

	2025			2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities *(as restated)*	Total
Current and other assets	$ 33,555,441	$27,322,629	$60,878,070	$ 28,505,927	$26,943,798	$55,449,725
Capital assets, net	39,412,373	20,653,358	60,065,731	36,450,207	18,167,949	54,618,156
Total Assets	72,967,814	47,975,987	120,943,801	64,956,134	45,111,747	110,067,881
Deferred Outflows of Resources	371,729	81,915	453,644	429,998	89,919	519,917
Other liabilities	1,864,093	635,727	2,499,820	2,202,234	1,126,942	3,329,176
Long-term liabilities	8,676,689	15,651,234	24,327,923	9,151,622	16,335,966	25,487,588
Total Liabilities	10,540,782	16,286,961	26,827,743	11,353,856	17,462,908	28,816,764
Deferred Inflows of Resources	83,567	36,407	119,974	49,505	21,465	70,970
Net Position:						
Net investment in capital assets	31,143,799	17,200,362	48,344,161	27,754,472	16,157,764	43,912,236
Restricted	6,488,837	-	6,488,837	9,714,964	-	9,714,964
Unrestricted	25,082,558	14,534,172	39,616,730	16,513,335	11,559,529	28,072,864
Total Net Position	$ 62,715,194	$31,734,534	$94,449,728	$ 53,982,771	$27,717,293	$81,700,064

The table below provides a summary of the changes in the City's net position for the years ended September 30, 2025 and 2024.

Summary of Changes in Net Position

	For the Year Ended September 30, 2025			For the Year Ended September 30, 2024		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities *(as restated)*	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 1,778,596	$10,092,699	$11,871,295	$ 1,868,710	$ 9,068,343	$10,937,053
Operating grants and contributions	911,949	-	911,949	508,226	35,000	543,226
Capital grants and contributions	2,412,562	154,743	2,567,305	21,290	-	21,290
General revenues:						
Property taxes	5,410,637	-	5,410,637	5,008,671	-	5,008,671
Sales taxes	5,918,299	-	5,918,299	4,687,658	-	4,687,658
Franchise tax	558,435	-	558,435	507,433	-	507,433
Hotel/motel taxes	29,908	-	29,908	22,061	-	22,061
Unrestricted investment earnings	833,427	-	833,427	865,067	-	865,067
Other revenue	71,944	293,255	365,199	104,709	863	105,572
Total Revenues	17,925,757	10,540,697	28,466,454	13,593,825	9,104,206	22,698,031
Expenses						
General government	688,640	-	688,640	$679,997	-	679,997
Streets and parks	1,557,817	-	1,557,817	1,437,995	-	1,437,995
Court	177,323	-	177,323	157,367	-	157,367
Library	484,774	-	484,774	415,508	-	415,508
Public safety	3,236,236	-	3,236,236	3,232,511	-	3,232,511
Finance and planning	856,334	-	856,334	627,211	-	627,211
Building services	710,696	-	710,696	14,250	-	14,250
Public works	496,991	-	496,991	480,648	-	480,648
Information technology	292,091	-	292,091	865,253	-	865,253
Interest and charges on long-term d	304,065	-	304,065	413,923	-	413,923
Water and sewer operations	-	6,911,823	6,911,823	-	6,504,341	6,504,341
Total Expenses	8,804,967	6,911,823	15,716,790	8,324,663	6,504,341	14,829,004
Change in Net Position Before Transfers	9,120,790	3,628,874	12,749,664	5,269,162	2,599,865	7,869,027
Transfers	(388,367)	388,367	-	(35,000)	35,000	-
Total	(388,367)	388,367	-	(35,000)	35,000	-
Change in Net Position	8,732,423	4,017,241	12,749,664	5,234,162	2,634,865	7,869,027
Beginning Net Position	53,982,771	27,717,293	81,700,064	48,748,609	25,082,428	73,831,037
Ending Net Position	$ 62,715,194	$31,734,534	$94,449,728	$ 53,982,771	$27,717,293	$81,700,064

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position serves as one useful indicator of a government's financial position. In the case of the City, net position totaled $94,449,728 at the close of FY25. Net assets increased from the prior year's balance by $12,749,664 (15%) during fiscal year 2025.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by $11,543,866 (41%) during 2025.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by $11,543,866 (41%) during 2025.

Fifty-one percent (51%) of the City's net position is invested in capital assets; land, buildings, streets, vehicles, electronic equipment, and infrastructure, less any outstanding debt used to acquire these assets. The City uses capital assets to provide services to the citizens they serve; consequently, these assets are not available for future spending.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the period.

As the City completed the year 2025, its governmental funds, as presented in the balance sheet, reported a combined fund balance of $31,832,963 compared to $26,374,320 in FY24. This represents an increase of $5,458,643. Approximately 65% of this total amount is the unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balances are restricted, assigned, or committed as further explained in the notes to the financial statements.

The General Fund is the chief operating fund of the City. At the end of the current period, the total fund balance is $20,893,293, and the entire amount is reported as unassigned. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total General Fund expenditures. The unassigned fund balance represents 280% of total FY25 General Fund expenditures or approximately 34 months reserves at September 30, 2025.

The City's General Fund's revenues and other financing sources were $11,325,983 and $3,535,911, respectively, while total expenditures were $7,358,258. After accounting for all transfers, the General Fund had a net increase in fund balance of $7,503,636. This growth was driven primarily by higher general revenues and a transfer from the Capital Projects Fund following its closure.

The City's proprietary fund's operating revenues and nonoperating revenues were $10,092,699 and $29,486 respectively; total operating expenses were $6,493,311. After accounting for transfers in and out, the total Water and Sewer Fund net position increased by $4,017,241. The current year's increase was primarily due to an increase in water service revenue.

Other Analysis of the City's Funds

Budget versus Actual for the General Fund:

For the required supplemental information of budget versus actual report shown on, the statement reflects a positive budget variance of $3,645,532. The largest contributing factor was that the City budgeted for considerably more expenditures than were actually incurred.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment (net of depreciation) in capital assets for all activities as of September 30, 2025, is $60,065,731 compared to $54,618,156 at September 30, 2024 This is a net increase in capital assets of $5,447,575 and is mostly attributable to CIP additions in governmental activities in fiscal year 2025.

Long-term Debt

At September 30, 2025, the City had total bonded debt and contractual obligations outstanding of $23,911,022. This is a decrease of $1,227,626 from the prior year, due to timely principal payments on bonds and contractual obligations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The 2025-2026 budget reflects the positive financial condition of the City, and the ongoing mission of the Haslet City Council to provide cost-effect programs and responsive services to enhance the quality of life in Haslet. The City accomplishes this through the utilization of sound fiscal policy directives and a conservative approach in revenue and expenditure forecasting.

Sales tax revenue and property tax revenue are the two largest revenue sources for the City's governmental funds. Property taxes are projected to increase by 0.5% and sales taxes are budgeted 3% over the budget for 2024-2025. Property valuations have increased due to the addition of new construction to the tax rolls. The council voted to base the property tax rate on the no-new-revenue M&O rate with a total rate of $0.315450 per $100 of valuation. The sales tax is beginning to stabilize due to the reduction or completion of residential construction in Haslet. Due to the nature of the volatility in sales tax receipts, the City has been conservative in projecting sales tax revenue and actual receipts have generally exceeded expectations. New home construction starts will continue to add to the sales tax revenue in 2025-26 although at a slower pace than the last few years. The City will also see increases in other revenues related to development in the city such as permits and inspection fees. Water and Sewer revenues are expected to increase approximately 2% due to the addition of new customers and an increase in the commercial sewer rates.

Each year, a major objective of the budget process is to maximize revenue, focus on identifying cost-savings measures and to cut expenses however possible. Operating expenditures in the General Fund are expected to increase approximately 10.7% over the 2024-2025 adopted budget. A six percent merit increase is proposed for City employees and additional personnel were authorized for the public works, administration and finance departments.

The Water/Wastewater Fund budget anticipates an increase in expenditures of approximately 5.6%. This is due primarily to the expected increase in water purchases and sewer treatment expenses and increases for personnel. The City has a policy to pass through all, or part of the additional charges originating from the City's wholesale contracts with the City of Fort Worth and the Trinity River Authority.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Haslet, Finance Director, 101 Main Street, Haslet, Texas 76052.

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BASIC FINANCIAL STATEMENTS

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City of Haslet, Texas

STATEMENT OF NET POSITION

As of September 30, 2025

	Primary Government			Component Unit - CEDC Type B
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and investments	$ 32,279,885	$ 25,614,225	$ 57,894,110	$ 5,755,935
Receivables (net of allowances)	1,275,556	1,043,609	2,319,165	357,270
Inventories	-	277,987	277,987	276,962
Restricted assets:				
Cash and cash equivalents	-	386,808	386,808	-
Capital assets (net of acc. depreciation)				
Non-depreciable	23,672,423	4,446,582	28,119,005	6,077,344
Net depreciable capital assets	15,739,950	16,206,776	31,946,726	-
Total Assets	72,967,814	47,975,987	120,943,801	12,467,511
Deferred Outflows of Resources				
Deferred outflows - pension	284,958	80,977	365,935	-
Deferred outflows - OPEB	3,302	938	4,240	-
Deferred charges on refunding	83,469	-	83,469	-
Total Deferred Outflows of Resources	371,729	81,915	453,644	-
Liabilities				
Accounts payable	683,872	247,402	931,274	248
Escrow payable	713,458	-	713,458	
Accrued liabilities	130,796	30,254	161,050	12,280
Due to other governments	125,319	-	125,319	-
Customer deposits	-	279,446	279,446	2,250
Interest payable	17,769	25,233	43,002	5,470
Compensated absences	192,879	53,392	246,271	-
Noncurrent liabilities:				
Total OPEB liability	42,886	12,187	55,073	-
Net pension liability	281,760	80,068	361,828	-
Debt due within one year	490,304	759,310	1,249,614	168,557
Debt due in more than one year	7,861,739	14,799,669	22,661,408	3,204,794
Total Liabilities	10,540,782	16,286,961	26,827,743	3,393,599
Deferred Inflows of Resources				
Deferred charges on refunding	-	15,625	15,625	-
Deferred inflows - pension	58,886	16,734	75,620	-
Deferred inflows - OPEB	14,241	4,048	18,289	-
Deferred inflows - leases	10,440	-	10,440	-
Total Deferred Inflows of Resources	83,567	36,407	119,974	-
Net Position				
Net investment in capital assets	31,143,799	17,200,362	48,344,161	2,703,993
Restricted	6,488,837	-	6,488,837	-
Unrestricted	25,082,558	14,534,172	39,616,730	6,369,919
Total Net Position	$ 62,715,194	$ 31,734,534	$ 94,449,728	$ 9,073,912

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	$ 688,640	$ 1,389,126	$ 911,949	$ -
Streets and parks	1,557,817	150,591	-	2,412,562
Court	177,323	59,479	-	-
Library	484,774	-	-	-
Public safety	3,236,236	179,400	-	-
Finance and planning	856,334	-	-	-
Building services	710,696	-	-	-
Public works	496,991	-	-	-
Information technology	292,091	-	-	-
Interest and charges on long-term debt	304,065	-	-	-
Total governmental activities	8,804,967	1,778,596	911,949	2,412,562
Business-type activities:				
Water and sewer	6,911,823	10,092,699	-	154,743
Total business-type activities	6,911,823	10,092,699	-	154,743
Total primary government	$ 15,716,790	$ 11,871,295	$ 911,949	$2,567,305
Component unit:				
Community & economic development	262,605	-	-	-
Total component unit	$ 262,605	$ -	$ -	$ -

General Revenues and Transfers:	
Property taxes	
Sales taxes	
Franchise taxes	
Hotel/motel taxes	
Unrestricted investment earnings	
Other revenue	
Transfers in (out)	
Total General Revenues and Transfers	
Change in Net Position	
Beginning Net Position, as originally stated	
Prior period adjustment (see Note IV. D)	
Beginning Net Position, as restated	
Ending Net Position	

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	CEDC (Type B)
$ 1,612,435		$ 1,612,435	
1,005,336		1,005,336	
(117,844)		(117,844)	
(484,774)		(484,774)	
(3,056,836)		(3,056,836)	
(856,334)		(856,334)	
(710,696)		(710,696)	
(496,991)		(496,991)	
(292,091)		(292,091)	
(304,065)		(304,065)	
(3,701,860)		(3,701,860)	
-	$ 3,335,619	3,335,619	
-	3,335,619	3,335,619	
(3,701,860)	3,335,619	(366,241)	
			$ (262,605)
			$ (262,605)
5,410,637	-	5,410,637	-
5,918,299	-	5,918,299	1,972,506
558,435	-	558,435	-
29,908	-	29,908	-
833,427	-	833,427	98,608
71,944	293,255	365,199	180,576
(388,367)	388,367	-	-
12,434,283	681,622	13,115,905	2,251,690
8,732,423	4,017,241	12,749,664	1,989,085
53,982,771	27,384,518	81,367,289	7,084,827
-	332,775	332,775	-
53,982,771	27,717,293	81,700,064	7,084,827
$ 62,715,194	$ 31,734,534	$ 94,449,728	$ 9,073,912

City of Haslet, Texas

BALANCE SHEET
GOVERNMENTAL FUNDS
As of September 30, 2025

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	$ 21,512,434	$ 3,151,946	$ 7,615,505	$ 32,279,885
Receivables: (net)				
Property taxes	38,323	-	5,701	44,024
Sales taxes	714,541	-	357,271	1,071,812
Court	126,326	-	-	126,326
Leases	11,293	-	-	11,293
Other	21,868	-	233	22,101
Total Assets	22,424,785	3,151,946	7,978,710	33,555,441
Liabilities				
Accounts payable	499,917	116,168	67,787	683,872
Escrow payable	713,458	-	-	713,458
Accrued liabilities	129,801	-	995	130,796
Due to Other Governments	125,319	-	-	125,319
Total Liabilities	1,468,495	116,168	68,782	1,653,445
Deferred Inflows of Resources				
Unavailable revenues due to property tax and other	52,557	-	6,036	58,593
Leases	10,440	-	-	10,440
Total Deferred Inflows of Resources	62,997	-	6,036	69,033
Fund Balances				
Restricted	-	3,035,778	3,453,059	6,488,837
Committed	-	-	4,451,828	4,451,828
Unassigned	20,893,293	-	(995)	20,892,298
Total Fund Balances	20,893,293	3,035,778	7,903,892	31,832,963
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 22,424,785	$ 3,151,946	$ 7,978,710	$ 33,555,441

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
As of September 30, 2025

Amounts reported for the governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds	$ 31,832,963
Capital assets used in governmental activities are not financial resources. Therefore, they are not reported in the governmental fund.	39,412,373
Delinquent property taxes, ambulance revenue, leases and court fines are not current financial resources. Therefore, they are deferred in the governmental fund.	58,593
Long term liabilities, including bonds payable and compensated absences, are not due and payable in the current period. Therefore, they are not reported in the governmental fund.	(8,479,222)
Net pension liability is not a current financial use; therefore, it is not reported in the governmental fund.	(281,760)
Total OPEB liability is not a current financial use; therefore, it is not reported in the governmental fund.	(42,886)
Deferred outflows (inflows) of resources represent a consumption (source) of net position that applies to a future period(s) and are not recognized as an outflow (inflow) of resources (expense/expenditure) until then.	
Pension amounts	226,072
OPEB amounts	(10,939)
Net position of governmental activities	$ 62,715,194

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Sales taxes	$ 3,945,804	$ -	$ 1,972,495	$ 5,918,299
Property taxes, penalties, and interest	4,769,356	-	633,532	5,402,888
Franchise taxes	558,435	-	-	558,435
Licenses and permits	1,372,983	-	-	1,372,983
Intergovernmental	26,737	-	-	26,737
Fines	56,512	-	2,967	59,479
Interest	354,989	350,414	128,024	833,427
Other	45,624	-	26,320	71,944
Contributions & grants	-	2,412,562	885,212	3,297,774
Park development fees	-	-	150,591	150,591
Hotel occupancy tax	-	-	29,908	29,908
Fire protection	179,400	-	-	179,400
Gas royalties	16,143	-	-	16,143
Total Revenues	11,325,983	2,762,976	3,829,049	17,918,008
Expenditures				
Current:				
Fire	1,763,247	-	-	1,763,247
Public safety	1,118,752	-	-	1,118,752
Building services	682,190	-	12,334	694,524
Planning	520,458	-	-	520,458
Administration	496,861	-	-	496,861
Library	399,961	-	76,661	476,622
Parks	396,254	-	-	396,254
Public works	375,125	-	10,663	385,788
Finance	306,653	-	-	306,653
Information technology	292,091	-	-	292,091
Streets	277,895	-	-	277,895
Court	162,002	-	2,793	164,795
City secretary	40,875	-	-	40,875
Capital outlays	525,894	3,225,225	573,626	4,324,745
Debt service:				
Principal	-	-	471,282	471,282
Interest and fiscal charges	-	-	340,156	340,156
Total Expenditures	7,358,258	3,225,225	1,487,515	12,070,998
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,967,725	(462,249)	2,341,534	5,847,010
Other Financing Sources (Uses)				
Transfers in	3,625,651	-	-	3,625,651
Transfers out	(89,740)	(3,604,361)	(319,917)	(4,014,018)
Total Other Financing Sources (Uses)	3,535,911	(3,604,361)	(319,917)	(388,367)
Net Change in Fund Balances	7,503,636	(4,066,610)	2,021,617	5,458,643
Beginning Fund Balances	13,389,657	7,102,388	5,882,275	26,374,320
Ending Fund Balances	$ 20,893,293	$ 3,035,778	$ 7,903,892	$ 31,832,963

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATE OF ACTIVITIES

For the Year Ended September 30, 2025

Amounts reported for the governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	$ 5,458,643
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlays	4,324,745
Depreciation expense	(1,362,579)
Governmental fund repayment of debt principal as an expenditure and proceeds of new debt as a financing source. However, in the Statement of Activities, these transactions are only considered changes in long-term debt balances.	
Long-term debt principal repaid in current year	471,282
Interest is paid on schedule, meaning that some interest paid in a year is for interest accrued in the prior year.	36,091
Governmental funds report some prior year tax, court, and ambulance revenues as income in the current year. However, in the Statement of Activities, the revenue is recognized in the year in which it is earned.	7,749
Changes to accrued compensated absences are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.	(121,544)
Full accrual based pension expense is not recorded in the governmental fund financials but the (increase) decrease from adjusting the City's contribution expense is realized on the government-wide financial statements.	(81,659)
Full accrual based OPEB expense is not recorded in the governmental fund financials but the (increase) decrease from adjusting the City's contribution expense is realized on the government-wide financial statements.	(305)
Change in net position of governmental activities	$ 8,732,423

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUND

As of September 30, 2025

	Water & Sewer Fund
Assets	
Current Assets:	
Cash and investments	$ 25,614,225
Receivables (net of allowances for uncollectible):	
Accounts	1,040,788
Intergovernmental	2,821
Inventories	277,987
Total Current Assets	26,935,821
Noncurrent Assets:	
Restricted cash and cash equivalents	386,808
Capital assets:	
Non-depreciable	4,446,582
Net depreciable capital assets	15,809,469
Lease right-to-use assets	397,307
Total Noncurrent Assets	21,040,166
Total Assets	47,975,987
Deferred Outflows of Resources	
Deferred outflows - pension	80,977
Deferred outflows - OPEB	938
Total Deferred Outflows of Resources	81,915
Liabilities	
Current Liabilities:	
Accounts payable	247,402
Accrued liabilities	30,254
Accrued interest	25,233
Customer deposits	279,446
Compensated absences	53,392
Current portions of long-term debt	
Lease liabilities	46,614
Bonds and notes payable	712,696
Total Current Liabilities	1,395,037
Noncurrent Liabilities:	
Lease liabilities	336,986
Bonds and certificates of obligation payable (net)	14,462,683
Net pension liability	80,068
Total OPEB liability	12,187
Total Noncurrent Liabilities	14,891,924
Total Liabilities	16,286,961
Deferred Inflows of Resources	
Deferred charges on refunding	15,625
Deferred inflows - pension	16,734
Deferred inflows - OPEB	4,048
Total Deferred Inflows of Resources	36,407
Net Position	
Net investment in capital assets	17,200,362
Unrestricted	14,534,172
Total Net Position	$ 31,734,534

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND

For the Year Ended September 30, 2025

	Water & Sewer Fund
Operating Revenues	
Water service	$ 5,597,527
Sewer service	2,256,212
Interest	921,988
Connection and impact fees	843,049
Solid waste collection	438,923
Intergovernmental	35,000
Total Operating Revenues	10,092,699
Operating Expenses	
Contract services	2,986,192
Purchase of water	1,303,584
Personnel services	972,780
Depreciation and amortization	628,312
Materials, supplies, and services	456,822
Maintenance	88,839
Utilities	56,782
Total Operating Expenses	6,493,311
Operating Income (Loss)	3,599,388
Nonoperating Revenues (Expenses)	
Miscellaneous income	293,255
Interest expense	(418,512)
Contributions	154,743
Total Nonoperating Revenues (Expenses)	29,486
Income before Capital Contributions and Transfers	3,628,874
Transfers in (out)	388,367
Total Transfers	388,367
Change in Net Position	4,017,241
Beginning Net Position, as originally stated	27,384,518
Prior period adjustments (see Note IV. D)	332,775
Beginning Net Position, as restated	27,717,293
Ending Net Position	$ 31,734,534

The accompanying notes are an integral part of this statement.

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City of Haslet, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended September 30, 2025

	Water & Sewer Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 10,091,103
Cash Payments to Suppliers for Goods and Services	(5,705,653)
Cash Payments to Employees for Services	(938,346)
Net Cash Provided (Used) by Operating Activities	3,447,104
Cash Flows from Non-capital and Related Financing Activities:	
Contributions and Other Non-Operating	447,998
Transfers from Other Funds	388,367
Net Cash Provided (Used) by Non-Capital & Related Financing Activities	836,365
Cash Flows from Capital and Related Financing Activities:	
Release of Restricted Funds	224,773
Principal and Interest Paid	(1,316,764)
Acquisition or Construction of Capital Assets	(2,860,750)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,952,741)
Net Increase (decrease) in Cash, Cash Equivalents and Restricted Cash	330,728
Cash, Cash Equivalents and Restricted Cash at Beginning of the Year	
Unrestricted Cash and Investments	25,058,724
Restricted Cash	611,581
	25,670,305
Cash, Cash Equivalents and Restricted Cash at End of the Year	
Unrestricted Cash and Investments	25,614,225
Restricted Cash	386,808
	$ 26,001,033
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	3,599,388
Depreciation and Amortization	628,312
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	(1,596)
Decrease (Increase) in Inventories	(46,507)
Decrease (Increase) in Deferred Outflows of Resources	8,004
Increase (Decrease) in Accounts Payable	(595,230)
Increase (Decrease) in Deferred Inflows of Resources	17,026
Increase (Decrease) in Accrued Liabilities	(185,977)
Increase (Decrease) in Customer Deposits	24,978
Increase (Decrease) in Net Pension Liability	(1,757)
Increase (Decrease) in Total OPEB Liability	463
Total Adjustments	(152,284)
Net Cash Provided (Used) by Operating Activities	$ 3,447,104

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY AGENCY FUNDS

HASLET PUBLIC IMPROVEMENT DISTRICTS (PID)

As of September 30, 2025

	PID #3	PID #4	PID #5
Assets			
Restricted cash and cash equivalents	$ 807,237	$ 44,404	$ 1,584,838
Total Assets	807,237	44,404	1,584,838
Liabilities			
Accounts payable	900	900	-
Long-term debt	-	-	12,730,002
Total Liabilities	900	900	12,730,002
Net Position			
Restricted for public improvement district	806,337	43,504	(11,145,164)
Total Net Position	$ 806,337	$ 43,504	$ (11,145,164)

The accompanying notes are an integral part of this statement.

PID #6	PID #7	PID #8	Total Agency Funds
$ 35,812	$ 54,893	$ 624,369	$ 3,151,553
35,812	54,893	624,369	3,151,553
900	2,601	3,632	8,933
-	-	-	12,730,002
900	2,601	3,632	12,738,935
34,912	52,292	620,737	(9,587,382)
$ 34,912	$ 52,292	$ 620,737	$ (9,587,382)

City of Haslet, Texas

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY AGENCY FUNDS

HASLET PUBLIC IMPROVEMENT DISTRICTS (PID)

As of September 30, 2025

	PID #3	PID #4	PID #5
Additions			
Assessment revenue	$ 385,569	$ 238,819	$ 1,861,082
Investment earnings	-	-	74,296
Total Additions	385,569	238,819	1,935,378
Deductions			
Payment to developer	-	220,508	929,365
Administrative expenses	11,046	10,888	72,894
Interest expenses	-	-	520,530
Total Deductions	11,046	231,396	1,522,789
Change in Net Position	374,523	7,423	412,589
Beginning Net Position	431,814	36,081	(11,557,753)
Ending Net Position	$ 806,337	$ 43,504	$ (11,145,164)

The accompanying notes are an integral part of this statement.

PID #6	PID #7	PID #8	Total Agency Funds
$ 1,017,194	$ 877,981	$ 1,498,638	$ 9,417,644
-	-	-	74,296
1,017,194	877,981	1,498,638	9,491,940
1,007,822	870,238	853,729	7,420,023
14,778	31,288	44,184	185,078
-	-	-	520,530
1,022,600	901,526	897,913	8,125,631
(5,406)	(23,545)	600,725	1,366,309
40,318	75,837	20,012	(10,953,691)
$ 34,912	$ 52,292	$ 620,737	$ (9,587,382)

I. SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Government-wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The City of Haslet, Texas (the City) was incorporated as a Type A general law municipality in 1961 under the provisions of Chapter 11 Title 28; Texas revised civil statutes of 1925. The City operates under a Mayor/Council form of government. The City provides such services as are authorized by the Texas Local Government Code to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

The accounting policies of the City of Haslet, Texas, conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board which is the recognized financial accounting standard-setting body for governmental entities. The notes to the financial statements are an integral part of the City's financial statements.

The City's (primary government) financial statements include its component units. The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that financial statements include all organizations, activities, functions, and component units for which the City (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Accordingly, the City has included the following:

Blended Component Unit

The Haslet Economic Development Corporation (Type A) was created under the law known as the Development Corporation Act of 1979. Type A is governed by a board of directors comprised of members appointed by the City Council. Capital improvement projects undertaken by Type A are for the benefit of the City. Type A may not issue debt without the approval of the City Council. The City must approve changes to Type A's articles of incorporation, may unilaterally terminate Type A, and has residual interest in the net position of Type A. Type A reports its activities using a special revenue fund and it does not issue separate financial statements.

Discretely Presented Component Unit

The Haslet Community and Economic Development Corp. Fund (CEDC) (Type B) was created under the law known as the Development Corporation Act of 1979. Type B is governed by a board of directors comprised of members appointed by the City Council, but not substantially the same as the City Council. Capital improvement projects are undertaken by Type B benefit parties external to the City, as well as, for the City. Type B may not issue debt without the approval of the City Council, but the City is not liable for such debt issued.

The City must approve changes to Type B's articles of incorporation, may unilaterally terminate Type B, and has a residual interest in the net position of Type B. Type B reports its activities as a discretely presented component unit and does not issue separate financial statements.

C. Basis of Presentation – Government-wide

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

> The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> The Capital Projects Fund – accounts for the expenditures related to ongoing governmental capital projects.

The City reports the following major enterprise fund:

> The Water and Sewer Fund operates the water distribution system and the wastewater collection system.

The City reports the following Fiduciary Funds:

> The City acts as an agent for the Public Improvement Districts (PID). There are six active PID Agency Funds that account for special assessments and bond proceeds, as applicable, for PID #3 through #8. See Note IV C for further discussion of PID #3- #8.

During operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. This fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

F. Budgetary Information, Budget Procedures

The City Council adheres to the following procedures in establishing the budgets reflected in the accompanying basic financial statements:

1. Annual budgets are adopted on the modified accrual basis of accounting for all governmental funds except the Capital Projects Fund. The Capital Projects and CO Capital Projects Funds adopt project length budgets.

2. Between sixty and ninety days prior to the beginning of the fiscal year, the Mayor submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.

3. Public hearings are conducted, at which time all interested persons' comments concerning the budget are heard.

4. Fifteen days prior to the beginning of the fiscal year, the budget is legally adopted by the City Council enacted through the passage of an ordinance.

5. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revision that increases the total expenditures of any fund must be approved by the City Council. Therefore, the legal level of budgetary control is the fund level.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities, excluding mortgage-backed securities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, excluding mortgage-backed securities; (4) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or the National Credit Union Share Insurance fund, or its successor, (B) secured obligations that are described by Section 2256.009(a) of the Texas Public Funds Investment Act, including mortgage-backed securities issued by a federal agency or instrumentality, but excluding those mortgage-backed securities of the nature described in Section 2256.009(b) of the Act, (C) secured in any other manner and amount provided by law for deposits of the City; or, (5) eligible local government investment pools which invest in instruments and follow practices allowed by current law as defined in Section 2256.016 of the Texas Public Funds Investment Act; (6) regulated no-load money market mutual funds that are (A) registered with and regulated by the Securities and Exchange Commission; (B) having a dollar-weighted average portfolio of ninety (90) days or less; (C) the investment objectives include the maintenance of a stable net asset value of one dollar ($1.00) per share; and (D) the fund is continuously rated no lower than "AAA" or its equivalent rating by at least one nationally recognized rating service; and (7) repurchase agreements, reverse repurchase agreements, bankers' acceptances and commercial paper, to the extent they are contained in the portfolios of approved public funds investment pools in which the City invests.

Investments maturing within one year of the date of purchase are stated at cost or amortized cost; all other investments are stated at fair value which is based on quoted market prices.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of the interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectible accounts. Water and sewer accounts receivable in excess of 60 days and available customer deposits comprise the allowance for uncollectible accounts.

3. Property taxes

The appraisal of property within the City is the responsibility of the Tarrant and Denton County Appraisal Districts as required by legislation passed by the Texas Legislature. Each Appraisal District is required under such legislation to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

The City's property tax is levied and recorded as a receivable each October 1, on the assessed value listed as of the prior January 1, for all real and business property located in the City. Taxes are delinquent on February 1 following the October 1 levy date. A statutory lien becomes effective on all property with unpaid taxes as of January 1 of the year following the assessment.

4. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, bridges, underground structures and piping, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Generally, capital assets are defined by the City as assets with an initial, individual cost of more than $20,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated lives:

Buildings	15 – 30 years
Water and sewer system infrastructure	20 – 50 years
Street and storm drainage system infrastructure	10 – 30 years
Furniture and equipment, including vehicles	3 – 10 years

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred outflow of resources is reported for deferred pension and OPEB balances which are amortized over future periods.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Accordingly, the item, unavailable revenue, is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources, including, property taxes, court fines, and special assessments. A deferred inflow of resources is also reported for deferred pension and OPEB balances which are amortized over future periods.

The government reports deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred as an outflow or inflow and amortized over the shorter of the life of the refunded or refunding debt.

7. Compensated absences

The liability for compensated absences reported in the government-wide financial statements consists of earned but unused vacation leave and sick leave that are more likely than not to be paid, measured using employees' pay rates in effect at September 30, 2025. In the government-wide financial statements, vacation leave and sick leave are recognized as an expense and liability as the leave is attributable to services already rendered, accumulates, and becomes more likely than not to be used or settled. The City liquidates compensated absences with future revenues; accordingly, governmental funds recognize a liability only when amounts are due and payable.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund type fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Leases

Lessee

The City is a lessee for sewer vac truck. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) for this vehicle in the proprietary and government-wide financial statements. The City recognizes lease liabilities with an individual value of $20,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Academy determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor

The City is a lessor for noncancellable leases of property. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements related to leases include how the City determines (1.) the discount rate it uses to discount the expected lease receipts to present value, (2.) the lease term, and (3.) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases, unless there is a stated interest rate in the lease.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

10. Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

11. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

12. Fund balance policies

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-spendable fund balances category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted fund balances are reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts in the General Fund represent intended uses established by the City Council.

Unassigned fund balances are the residual classification for the General Fund and include all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classifications are used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

13. Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

I. Revenues and Expenditures/Expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

J. Pension and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the City's Total Pension Liability and Total OPEB Liability is obtained from the TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions and GASB No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

K. Implemented and Upcoming GASB Pronouncements

The GASB has issued the following statements:

GASB issued Statement No. 101, "Compensated Absences," that clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2023. The City implemented GASB 101 and determined no restatement of the prior year balances is required.

GASB issued Statement No. 102, "Certain Risk Disclosures," that clarifies the definitions & disclosure guidance for risks due to concentration or constraint. The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources and a constraint as a limitation imposed by an external party or formal action of the government's highest level of decision-making authority. The Statement requires the government to assess wither a concentration or constraint makes the primary reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of substantial impact, and whether an event associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin within the 12 months after the date the financial statements are issued. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2024. The City has determined that there is no impact from implementing this Statement.

GASB issued Statement No. 103, "Financial Reporting Model Improvements," that attempts to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement expands requirements for the management discussion & analysis, presentation of proprietary fund statement of revenues, expenses & changes in fund net position, and information related to major component units & budgetary comparisons. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2025. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

GASB issued Statement No. 104, "Disclosure of Certain Capital Assets," to clarify the disclosure requirements related to capital assets. This Statement requires separate disclosure of capital assets arising from leases, public-private & public-public partnerships & availability payment arrangements, and subscription-based information technology arrangements, and additional disclosures for capital assets held for sale. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2025. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At year-end, the carrying amounts of the financial institution cash deposits were $57,894,110 for the primary government and $5,755,935 for the component unit. The bank balances were $58,280,918 and $8,531,184 for the primary government and the component unit, respectively.

Of this balance, $34,935,142 was secured by federal deposit insurance and collateral (fair value of $34,935,142) pledged by the depository in the City's name and held by the depository's agent. The remaining balance is collateralized by investments, see TexPool and TexStar disclosures below. The City also had $1,300 of cash on hand at September 30, 2025.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's investments were held by the counterparty's agent as of September 30, 2025.

	Carrying Amount	Fair Value	Rating Standard & Poors	Weighted Average Maturity
Primary Government				
Cash	$ 35,660,171			
Investment not subject to categorization:				
Government sponsored investment pool (TexPool)	2,894,120	$ 2,894,120	AAAm	26 days
Government sponsored investment pool (TexStar)	19,339,819	$ 19,339,819	AAAm	26 days
Restricted government sponsored investment pool (TexPool)	386,808	$ 386,808	AAAm	26 days
	$ 58,280,918			
Discrete Component Unit - EDC Type B				
Investment not subject to categorization:				
Government sponsored investment pool (TexPool)	8,531,184	$ 8,531,184	AAAm	26 days
	$ 8,531,184			

TexPool is an external investment pool operated by the Texas Comptroller of Public Accounts and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investments Act provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

TexStar is an external investment pool operated by the Texas State Comptroller of Public Accounts. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexStar and other persons who do not have a business relationship with TexStar. TexStar uses net asset value rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexStar is the same as the value of TexStar shares. The City, at its option, can withdraw funds within a twenty-four hour period from TexStar.

B. Receivables/Deferred Revenue

Receivables as of year-end for the City's individual major funds, and nonmajor funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	Governmental Activities					
	General	Captial Projects Fund	Nonmajor Governmental Funds	Total	Business-Type Activities	Component Unit EDC Type B
Property taxes	$ 38,323	$ -	5,701.00	$ 44,024	$ -	$ -
Sales taxes	714,541	-	357,271	1,071,812	-	357,270
Court	168,057	-	-	168,057	-	-
Leases	11,293	-	-	11,293	-	-
Accounts	-	-	-	-	1,051,197	
Other	21,868	-	233	22,101	-	-
Allowance	(41,731)	-	-	(41,731)	(7,588)	-
	$ 912,351	$ -	$ 363,205	$1,275,556	$ 1,043,609	$ 357,270

Unavailable Revenue: Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in governmental funds were as follows:

	Unavailable Revenue
Major Funds	
Delinquent property taxes receivable (General Fund)	$ 52,557
Leases (General Fund)	10,440
Nonmajor Funds	
Delinquent property taxes receivable (General Obligation Debt Service Fund)	5,486
Unavailable revenue (Park Board Fund)	550
Total Unavailable Revenue for Governmental Funds	$ 69,033

C. Capital Assets

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB-34, depreciation policies were adopted to include useful lives and classification by function. Infrastructure assets are listed at estimated or actual historical costs. General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in governmental-type activities. Donated capital assets are valued at their estimated fair market value on the date of donation.

The City uses the following criteria to classify capital assets:

Useful life exceeds one year, and cost equals $20,000 or more for assets acquired by governmental funds. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation and amortization of capital assets are estimated using the straight-line method over estimated useful lives and are charged as an expense against operations. Accumulated depreciation and amortization are reported for governmental activities.

Capital asset activity for the primary government for the year ended September 30, 2025:

Governmental Activities:	**Beginning Balances**	**Increases**	**Decreases/ Reclasses**	**Ending Balances**
Capital assets, not being depreciated				
Land	$ 8,412,595	$ -	$ -	$ 8,412,595
Construction in progress	14,278,944	3,754,262	(2,773,378)	15,259,828
Total capital assets not being depreciated	22,691,539	3,754,262	(2,773,378)	23,672,423
Capital assets, being depreciated				
Buildings	3,808,926	65,404	231,206	4,105,536
Furniture, fixtures, tools, and equipment	1,730,691	-	121,465	1,852,156
Vehicles	3,525,562	230,240	-	3,755,802
Improvements other than buildings	1,644,646	25,238	653,231	2,323,115
Street and drainage improvements	20,794,032	249,601	1,767,476	22,811,109
Total capital assets being depreciated	31,503,857	570,483	2,773,378	34,847,718
Less accumulated depreciation	(17,745,189)	(1,362,579)	-	(19,107,768)
Total accumulated depreciation	(17,745,189)	(1,362,579)	-	(19,107,768)
Net capital assets being depreciated	13,758,668	(792,096)	2,773,378	15,739,950
Total Capital Assets	$36,450,207	$ 2,962,166	$ -	$ 39,412,373

Business-Type Activities	**Beginning Balances**	**Increases**	**Decreases/ Reclasses**	**Ending Balances**
Capital assets, not being depreciated				
Land	$ 20,142	$ -	$ -	$ 20,142
Construction in progress	1,312,718	3,113,722	-	4,426,440
Total capital assets not being depreciated	1,332,860	3,113,722	-	4,446,582
Capital assets, being depreciated				
Buildings and improvements	7,142	-	-	7,142
Equipment	561,571	-	-	561,571
Water and sewer system infrastructure	22,587,852	-	-	22,587,852
Right-to-use leased asset	529,742	-	-	529,742
Total capital assets being depreciated	23,686,307	-	-	23,686,307
Less accumulated depreciation	(6,771,758)	(575,338)	-	(7,347,096)
Less accumulated amortization	(79,461)	(52,974)	-	(132,435)
Total accumulated depreciation/amortization	(6,851,219)	(628,312)	-	(7,479,531)
Net capital assets being depreciated/amortized	16,835,088	(628,312)	-	16,206,776
Total Capital Assets	$18,167,948	$ 2,485,410	$ -	$ 20,653,358

Capital asset activity of the component unit (type B) for the year ended September 30, 2025

Component Unit (Type B) Activities	Beginning Balances	Increases	Decreases/ Reclasses	Ending Balances
Capital assets, not being depreciated				
Construction in progress	$ 6,077,344	$ -	$ -	$ 6,077,344
Total capital assets not being depreciated	6,077,344	-	-	6,077,344
Total Capital Assets	$ 6,077,344	$ -	$ -	$ 6,077,344

Depreciation expense was charged to governmental activities functions/programs of the primary government as follows:

General administration	$ 119,983
Fire	327,173
Streets	728,151
Parks and recreation	78,716
Public works	108,556
Total Governmental Activities Depreciation Expense	$ 1,362,579

D. Interfund Activities

Interfund transfers are used to pay an allocation of general and administrative services, provide funds for debt service, contribute toward the cost of capital projects, and for other operational purposes.

	Transfers To Other Funds	Transfers From Other Funds	Net Transfers
Governmental Funds:			
General	$ 89,740	$ 3,625,651	$ 3,535,911
Capital Projects	3,604,361	-	(3,604,361)
Nonmajor	319,917	-	(319,917)
	$ 4,014,018	$ 3,625,651	$ (388,367)
Proprietary Funds:			
Water and Sewer	$ 4,424,201	$ 4,812,568	$ 388,367
	$ 4,424,201	$ 4,812,568	$ 388,367

E. Unearned Federal Grant Revenue

On March 11, 2021, the American Rescue Plan Act was signed into law and established the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund, which together make up the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. In conjunction with this program, the City received $476,963 in the fiscal years 2021 and 2022. City expended the remaining unearned funds in the year ended September 30, 2025.

F. Long-term Debt

The City of Haslet issues general obligation bonds, certificates of obligation bonds, contractual obligation bonds, and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

Governmental Activities Debt Issuances:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2025
General Obligation Bonds	$ 2,335,000	2016	2032	2-4%	$ 970,000
Certificate of Obligations	$ 1,192,000	2017	2031	2.02%	519,000
Certificate of Obligations	$ 750,000	2018	2031	2.51%	383,000
Revenue Bonds - Type A	$ 1,875,000	2020	2040	4-5%	1,550,000
Certificate of Obligations	$ 4,515,468	2022	2043	4-5%	4,365,186
Total Governmental Activities Debt Issuances:					$ 7,787,186

Business-Type Activities Debt Issuances:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2025
Certificates of Obligations	$ 4,155,000	2015	2035	2.2-3%	$ 2,560,000
General Obligation Bonds	$ 1,560,000	2016	2032	2-4%	650,000
Certificate of Obligations	$11,559,533	2022	2043	4-5%	11,174,814
Total Business-Type Activities Debt Issuances:					$14,384,814

Component Unit (Type B) Debt Issuances:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2025
Revenue Bonds	$ 3,735,000	2020	2040	4-5%	$ 3,095,000
Total Component Unit Debt Issuances:					$ 3,095,000

The annual requirements to amortize governmental activities debt issues outstanding on September 30, 2025, are as follows:

	Bonds Payable		
Year	Principal	Interest	Total
2026	$ 490,304	$ 322,054	$ 812,358
2027	506,731	302,500	809,231
2028	528,158	282,210	810,368
2029	549,585	260,984	810,569
2030	571,012	238,864	809,876
2031-2035	2,132,960	873,896	3,006,856
2036-2040	2,025,286	448,785	2,474,071
2041-2045	983,150	79,719	1,062,869
Total	$ 7,787,186	$ 2,809,012	$ 10,596,198

The annual requirements to amortize business-type activities debt issues outstanding on September 30, 2025, are as follows:

	Bonds Payable		
Year	Principal	Interest	Total
2026	$ 712,696	$ 603,810	$ 1,316,506
2027	739,269	575,325	1,314,594
2028	770,842	545,307	1,316,149
2029	802,415	512,364	1,314,779
2030	833,988	478,044	1,312,032
2031-2035	4,424,041	1,832,390	6,256,431
2036-2040	3,584,714	951,765	4,536,479
2041-2045	2,516,849	204,081	2,720,930
Total	$ 14,384,814	$ 5,703,086	$ 20,087,900

The annual requirements to amortize component unit (Type B) activities debt issues outstanding at September 30, 2025, are as follows:

	Bonds Payable		
Year	Principal	Interest	Total
2026	$ 150,000	$ 132,000	$ 282,000
2027	155,000	124,500	279,500
2028	165,000	116,750	281,750
2029	170,000	108,500	278,500
2030	180,000	100,000	280,000
2031-2035	1,025,000	376,200	1,401,200
2036-2040	1,250,000	154,000	1,404,000
Total	$ 3,095,000	$ 1,111,950	$ 4,206,950

During the year ended September 30, 2025, the following changes occurred in liabilities reported as governmental, business-type, and component unit activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Certificates of obligation	$ 5,548,468	$ -	$ (281,282)	$ 5,267,186	$ 290,304
General obligation bonds	1,090,000	-	(120,000)	970,000	125,000
Revenue bonds - Type A	1,620,000	-	(70,000)	1,550,000	75,000
	8,258,468	-	(471,282)	7,787,186	490,304
Bond premium	601,200	-	(18,859)	582,341	-
Bond discount	(19,268)	-	1,784	(17,484)	-
Total OPEB liability	43,732	-	(846)	42,886	-
Net pension liability	305,208	-	(23,448)	281,760	-
Accrued compensated absences	71,335	121,544	-	192,879	192,879
Total Governmental Activities:	$ 9,260,675	$ 121,544	$ (512,651)	$ 8,869,568	$ 683,183

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-Type Activities:					
Certificates of obligation	$ 2,780,000	$ -	$ (220,000)	$ 2,560,000	$ 225,000
General obligation bonds	12,289,533	-	(464,719)	11,824,814	487,696
Leases payable	427,847	-	(44,247)	383,600	46,614
	15,497,380	-	(728,966)	14,768,414	759,310
Bond premium	844,477	-	(52,252)	792,225	-
Bond discount	(5,891)	-	4,231	(1,660)	-
Total OPEB liability	11,724	463	-	12,187	-
Net pension liability	81,825	-	(1,757)	80,068	-
Accrued compensated absences	27,604	25,788	-	53,392	53,392
Total Business-Type Activities:	$16,457,119	$ 26,251	$ (778,744)	$ 15,704,626	$ 812,702

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Component Unit (Type B):					
Certificates of obligation	$ 3,235,000	$ -	$ (140,000)	$ 3,095,000	$ 150,000
	3,235,000	-	(140,000)	3,095,000	150,000
Bond premium	296,908	-	(18,557)	278,351	18,557
Total Component Unit:	$ 3,531,908	$ -	$ (158,557)	$ 3,373,351	$ 168,557

On February 23, 2023, the City entered into a ten-year lease purchase agreement with NCL Government Capital, for the purchases of a sewer vac truck. The terms of the lease are as follows.

Description	Interest Rates	Liability at Commencement	Lease Term in Years	Ending Balance
Proprietary Activities				
Sewer Vac Truck	5.35%	$ 529,742	10	$ 383,600
				$ 383,600

The annual requirements to amortize lease liabilities outstanding at year end were as follows:

	Lease Liability		
Year	Principal	Interest	Total
2026	$ 46,614	$ 20,523	$ 67,137
2027	49,108	18,029	67,137
2028	51,736	15,401	67,137
2029	54,503	12,634	67,137
2030	57,419	9,718	67,137
2031-2035	124,220	10,055	134,275
	$ 383,600	$ 86,360	$469,960

III. RETIREMENT COMMITMENTS

Texas Municipal Retirement Systems

A. Plan Description

The City participates as one of 938 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas.

TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com. All eligible employees of the City are required to participate in TMRS.

B. Benefits

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state of statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefits in one of seven payment options.

Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

	2024	2023
Inactive employees or beneficiaries currently receiving benefits	12	12
Inactive employees entitled to but not yet receiving benefits	43	36
Active employees	44	39
Total	99	87

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the cale year. The contribution rates for the City were 8.58% and 8.77% in calendar years 2024 and 2025 respectively. The City's contributions to TMRS for the year ended September 30, 2025, were $245,485.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75%

Salary increases were based on a service-related table. The retirement age is based on the experience-based table of rates that are specific to the City's plan of benefits. It was last updated for the 2023 valuation pursuant to an experience study of the period ending 2022. Mortality rates for post-retirement are based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

The pre-retirement members is based on the PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rate (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013.

Effective December 31, 2015, the long-term expected rate of return on TMRS pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation and the production of income in order to satisfy the short-term and long-term funding needs of TMRS. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.50%. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.10%
Core Fixed Income	6.00%	5.00%
Non-Core Fixed Income	6.00%	6.80%
Hedge Funds	5.00%	6.40%
Private Equity	13.00%	8.50%
Private Debt	13.00%	8.20%
Real Estate	12.00%	6.70%
Infrastructure	6.00%	6.00%
Other Private Markets	4.00%	7.30%
Total	100%	

In general, the City uses the Debt Service Fund to liquidate governmental pension and OPEB liabilities.

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability:

	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2023	$ 5,647,175	$ 5,260,142	$ 387,033
Changes for the year:			
Service Cost	400,721	-	400,721
Interest	392,214	-	392,214
Difference between expected and actual experience	148,060	-	148,060
Changes of assumptions	-	-	-
Contributions - employer	-	228,551	(228,551)
Contributions - employee	-	192,522	(192,522)
Net Investment income	-	548,714	(548,714)
Benefit payments, including refunds of emp. contributions	(73,904)	(73,904)	-
Administration expense	-	(3,505)	3,505
Other changes	-	(82)	82
Net Changes	867,091	892,296	(25,205)
Balance at 12/30/2024	$ 6,514,266	$ 6,152,438	$ 361,828

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
$ 1,324,705	$ 361,828	$ (430,206)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

E. Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of $355,306. At September 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between projected and actual investment earnings	$ 181,175	$ -
Difference in changes of assumptions	3,084	-
Difference between expected and actual economic experience	-	(75,620)
Contributions subsequent to the measurement date	181,676	-
Total	$ 365,935	$ (75,620)

$181,676 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflow (Inflow) of Resources
2025	$ 89,132
2026	108,452
2027	(50,214)
2028	(38,731)
2029	-
Thereafter	-
	$ 108,639

Other Post-Employment Benefits (OPEB) Plan

A. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

B. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another post-employment benefit ("OPEB") and is a fixed amount of $7,500. At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

	2024	2023
Inactive employees or beneficiaries currently receiving benefits	5	5
Inactive employees entitled to but not yet receiving benefits	7	6
Active employees	44	39
Total	56	50

C. Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

Contribution rates to the SDBF for the City were 0.27% and 0.20% for calendar years 2024 and 2025 respectively. The City's contributions to the SDBF for the year ended September 30, 2025, were $ 6,313 and were equal to the required contributions.

D. Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.60% to 11.85% including inflation
Discount rate	4.08%
Retiree's share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis with scale UMP to account for future mortality improvements. For disabled annuitants, the 2019 Municipal Retirees of Texas mortality tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.08%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

Changes in Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/2023	$ 55,456
Changes for the year:	
Service cost	4,951
Interest on Total OPEB Liability	2,153
Change of benefit terms	-
Difference between expected and actual experience	(2,610)
Changes of assumptions or other inputs	(3,227)
Benefit payments	(1,650)
Net changes	$ (383)
Balance at 12/30/2024	$ 55,073

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.08%) or 1 percentage-point higher (5.08%) than the current rate:

1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
$ 66,650	$ 55,073	$ 46,014

E. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of $6,313. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in assumptions	$ -	$ (6,388)
Differences between expected and actual experience	-	(11,901)
Contributions made subsequent to measurement date	4,240	-
	$ 4,240	$ (18,289)

The $4,240 reported as deferred outflows of resources related to OPEB resulting from changes in assumptions and other inputs will reduce the Total OPEB liability during the year ending September 30, 2026.

The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Deferred Outflows (Inflows) of Resources
2025	$ (6,675)
2026	(6,958)
2027	(2,551)
2028	(648)
2029	(876)
Thereafter	(581)
	$ (18,289)

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, injuries to employees, employee health benefits, and other claims of various natures. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection against risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the City's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's general purpose financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

B. Tax Abatement Disclosures

The City has entered into agreements with Amazon.com.kydc LLC (Amazon) under Chapter 380 of the Texas Local Government Code and as codified in Chapter 312 of the Texas Tax Code.

Under the terms of the twenty-five-year property and sales tax abatement agreement with Amazon, the City will make annual grant payments to Amazon equal to the sum of the sales tax grant and the property tax grant. These grant amounts range from 33% to 75% of the Sales Tax and Property Grant Base amounts as defined by the Agreement. The City abated $492,677 of Amazon taxes for the fiscal year 2025.

C. Public Improvement Districts

On June 6, 2016, the City Council passed Resolution No. 006-2016 approving and authorizing the creation of PID No. 3 for The North Glen Development (PID #3) in accordance with Chapter 372 of the Texas Tax Code. PID #3 consists of approximately 192.820 acres of land generally located on the south side of Blue Mound Road and west of FM 156, being a part of the James Rightly Survey, Abstract No. 1268, and the Henry Robertson Survey, Abstract No. 1259, Tarrant County, Texas, that was created to finance certain public improvement projects for the benefit of the property in PID #3. The City acts as the property owner's agent by collecting any special assessments tax collections and forwarding them to the developers. These collections have begun and are on time and complete at year-end.

On October 17, 2016, the City Council passed Resolution No. 019-2016 approving and authorizing the creation of PID No. 4 for The Regal Ridge Development (PID #4) in accordance with Chapter 372 of the Texas Tax Code. PID #4 consists of approximately 63.559 acres of land generally located south of Blue Mound Road and east of FM 156 in the City of Haslet, Tarrant County, Texas, that was created to finance certain public improvement projects for the benefit of the property in PID #4. The City acts as the property owner's agent by collecting any special assessments tax collections and forwarding them to the developers. These collections have begun and are on time and complete at year-end.

On February 21, 2017, the City Council passed Resolution No. 007-2017 approving and authorizing the creation of PID No. 5 for The Le Tara Ridge Development (PID #5) in accordance with Chapter 372 of the Texas Tax Code. PID #5 consists of approximately 265.610 acres of land generally located within the extraterritorial jurisdiction of the City of Haslet, Tarrant County, Texas, and being the same property generally located south of Avondale-Haslet Road and west of State Highway 156 that was created to finance certain public improvement projects for the benefit of the property in PID #5.

On August 1, 2019, City Council approved ordinance 021-2019 authorizing the issuance of the City of Haslet Texas Special Revenue Bonds series 2019 (Haslet Public Improvement District No. 5 Improvement Area #1 Project) in the original principal amount of $6,070,000. These bonds were authorized in order to finance the projects benefiting the PID #5 including certain roadway, water, wastewater, and drainage improvements. Proceeds of the bonds were deposited into trust accounts with Wilmington Trust, N.A. for the purpose of funding improvements in the projects described above. Wilmington Trust serves as trustee, for the benefit of the bondholders, for these funds as well as any and all other property or money of every name and nature, which is, from time-to-time hereafter by delivery or in writing of any kind, conveyed, pledged, assigned or transferred to Trustee. The City is not obligated in any manner for this special assessment debt, but merely acts as the property owner's agent in handling the debt service transactions by collecting any special assessments tax collections and forwarding them to the Trustee to forward to the bondholders. These collections have begun. Assessment collections for these Special Assessment Revenue Bonds are on time and complete at year-end. The total bond principal outstanding for the Haslet Texas Special Revenue Bonds Series 2019 (Haslet Public Improvement District No. 5 Improvement Area #1 Project) is $5,555,000 on September 30, 2025.

On October 18, 2021, City Council approved ordinance 029-2021 authorizing the issuance of the City of Haslet Texas Special Revenue Bonds Series 2021 (Haslet Public Improvement District No. 5 Improvement Area #2 Project) in the original principal amount of $8,000,000. These bonds were authorized in order to finance the projects benefiting the PID #5 including certain roadway, water, wastewater and drainage improvements. Proceeds of the bonds were deposited into trust accounts with Wilmington Trust, N.A. for the purpose of funding improvements in the projects described above. Wilmington Trust serves as trustee, for the benefit of the bond holders, for these funds as well as any and all other property or money of every name and nature, which is, from time-to-time hereafter by delivery or in writing of any kind, conveyed, pledged, assigned or transferred to Trustee. The City is not obligated in any manner for this special assessment debt, but merely acts as the property owner's agent in handling the debt service transactions by collecting any special assessments tax collections and forwarding them to the Trustee to forward to the bondholders. These collections have begun. Assessment collections for these Special Assessment Revenue Bonds are on time and complete at year-end. The total bond principal outstanding for the Haslet Texas Special Revenue Bonds Series 2021 (Haslet Public Improvement District No. 5 Improvement Area #2 Project) is $7,293,000 on September 30, 2025.

On February 6, 2017, the City Council passed Resolution No. 005-2017 approving and authorizing the creation of PID No. 6 for The Caraway Development (PID #6) in accordance with Chapter 372 of the Texas Tax Code. PID #6 consists of approximately 265.610 acres of land generally located within the extraterritorial jurisdiction of the City of Haslet, Tarrant County, Texas, and being the same property generally located south of Avondale-Haslet Road and west of State Highway 156 that was created to finance certain public improvement projects for the benefit of the property in PID #6. The City acts as the property owner's agent by collecting any special assessments tax collections and forwarding them to the developers. These collections have begun and are on time and complete at year-end.

On January 13, 2020, the City Council passed Resolution No. 001-2020 approving and authorizing the creation of PID No. 7 for The Watercress Development (PID #7) in accordance with Chapter 372 of the Texas Tax Code. PID #7 consists of approximately 154.977 acres of land located entirely within the corporate boundaries of the City of Haslet, Tarrant County, Texas and generally located south of Blue Mound Road, west of Harmon Road, east of FM 156 (Haslet County Line Road), and north of Bayne Road that was created to finance certain public improvement projects for the benefit of the property in PID #7. The City will act as the property owner's agent by collecting any special assessments tax collections and forwarding to the developers. These collections have begun and are on time and complete at year-end.

On March 1, 2021, the City Council passed Resolution No. 003-2021 authorizing the establishment of Public Improvement District No. 8 for The Sweetgrass Development (PID #8) in accordance with Chapter 372 of the Texas Tax Code. PID #8 consists of approximately 262.220 acres of land located entirely within the corporate boundaries of the City of Haslet, Tarrant County, Texas that were created to finance certain public improvement projects for the benefit of the property in PID #8. The City will act as the property owner's agent by collecting any special assessments tax collections and forwarding them to the developers. These collections have begun and are on time and complete at year-end.

D. Error Correction and Change in the Reporting Entity

During the year ended September 30, 2025, the City recorded a prior-period adjustment to reverse expenditures that had been incorrectly recognized in the prior year because those costs should have been paid from an escrow account.

	Water Fund	Business-Type Activities
Beginning net position, as originally stated	$ 27,384,518	$ 27,384,518
Error correction:		
Prior year escrow expenditures	332,775	332,775
Beginning net position, as restated	$ 27,717,293	$ 27,717,293

Additionally, the City reclassified a governmental fund from the Debt Service Fund to the Capital Projects Fund to better reflect the nature of current-year activities related to ongoing capital projects. As a result, the City adjusted the Capital Projects Fund's beginning fund balance in the current year.

	Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds	Governmental Activities
Beginning fund balances	$ 3,487,094	$ 9,497,569	$ 26,374,320	$ 53,982,771
Change in reporting entity:				
Reclassification of governmental fund	3,615,294	(3,615,294)	-	-
Beginning fund balances, as adjusted	$ 7,102,388	$ 5,882,275	$ 26,374,320	$ 53,982,771

E. Subsequent Events

Management has evaluated all events or transactions that occurred after September 30, 2025, up through the date of the auditor's report date. This is the date the financial statements were available for issuance. Management has identified no subsequent events that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND - BUDGET TO ACTUAL
For the Year Ended September 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Sales taxes	$ 2,431,400	$ 2,431,400	$ 3,945,804	$ 1,514,404
Property taxes, penalties, and interest	4,302,685	4,302,685	4,769,356	466,671
Franchise taxes	506,507	506,507	558,435	51,928
Licenses and permits	1,470,900	1,470,900	1,372,983	(97,917)
Intergovernmental	26,290	26,290	26,737	447
Fines	73,434	73,434	56,512	(16,922)
Interest	388,158	388,158	354,989	(33,169)
Other	48,100	47,700	45,624	(2,076)
Fire protection	156,000	156,000	179,400	23,400
Gas royalties	15,000	15,000	16,143	1,143
Total Revenues	9,418,474	9,418,074	11,325,983	1,907,909
Expenditures				
Current:				
Fire	1,911,788	1,963,026	1,763,247	199,779
Public safety	1,649,265	1,649,265	1,118,752	530,513
Building services	709,718	719,718	682,190	37,528
Planning	289,300	289,300	520,458	(231,158)
Administration	1,238,672	1,029,928	496,861	533,067
Library	447,327	447,327	399,961	47,366
Parks	745,695	745,695	396,254	349,441
Public works	589,622	579,622	375,125	204,497
Finance	375,124	375,124	306,653	68,471
Information technology	385,517	385,517	292,091	93,426
Streets	493,600	493,600	277,895	215,705
Court	215,177	215,177	162,002	53,175
City secretary	202,582	202,582	40,875	161,707
Capital outlays	-	-	525,894	(525,894)
Total Expenditures	9,253,387	9,095,881	7,358,258	1,737,623
Excess (Deficiency) of Revenues Over (Under) Expenditures	165,087	322,193	3,967,725	3,645,532
Other Financing Sources (Uses)				
Transfers in	-	-	3,625,651	3,625,651
Transfers out	(1,817,971)	(1,975,478)	(89,740)	1,885,738
Total Other Financing Sources (Uses)	(1,817,971)	(1,975,478)	3,535,911	5,511,389
Net Change in Fund Balances	(1,652,884)	(1,653,285)	7,503,636	$ 9,156,921
Beginning Fund Balances	13,389,657	13,389,657	13,389,657	
Ending Fund Balances	$ 11,736,773	$ 11,736,372	$ 20,893,293	

City of Haslet, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

Last Ten Measured Years

	2024	2023	2022	2021
Total pension liability				
Service Cost	$ 400,721	$ 329,536	$ 271,497	$ 278,059
Interest (on the Total Pension Liability)	392,214	338,318	298,479	268,836
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	148,060	171,917	80,724	(41,801)
Change of assumptions	-	7,402	-	-
Benefit payments, including refunds of employee contributions	(73,904)	(94,711)	(84,312)	(40,983)
Net Change in Total Pension Liability	867,091	752,462	566,388	464,111
Total Pension Liability - Beginning	5,647,175	4,894,713	4,328,325	3,864,214
Total Pension Liability - Ending (a)	$ 6,514,266	$ 5,647,175	$ 4,894,713	$ 4,328,325
Plan Fiduciary Net Position				
Contributions - Employer	228,551	184,487	172,706	150,783
Contributions - Employee	192,522	155,967	126,194	120,075
Net Investment Income	548,714	522,756	(338,366)	507,738
Benefit payments, including refunds of employee contributions	(73,904)	(94,711)	(84,312)	(40,983)
Administrative Expense	(3,505)	(3,310)	(2,917)	(2,342)
Other	(82)	(23)	3,480	16
Net Change in Plan Fiduciary Net Position	892,296	765,166	(123,215)	735,287
Plan Fiduciary Net Position - Beginning	5,260,142	4,494,976	4,618,191	3,882,904
Plan Fiduciary Net Position - Ending (b)	$ 6,152,438	$ 5,260,142	$ 4,494,976	$ 4,618,191
Net Pension Liability - Enging (a) - (b)	$ 361,828	$ 387,033	$ 399,737	$ (289,866)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.45%	93.15%	91.83%	106.70%
Covered Payroll	2,750,317	2,228,099	1,802,771	1,715,354
Net Pension Liability as a Percentage of Covered Payroll	13.16%	17.37%	22.17%	-16.90%

NOTES TO SCHEDULE:

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability.

2020	2019	2018	2017	2016	2015
$ 273,722	$ 247,948	$ 232,704	$ 210,594	$ 200,128	$ 152,689
233,954	201,063	178,316	154,325	135,844	120,684
-	-	-	-	-	-
47,911	70,202	(32,005)	12,576	(36,328)	(24,699)
-	10,566	-	-	-	44,306
(40,983)	(69,798)	(29,514)	(36,728)	(25,460)	(31,038)
514,604	459,981	349,501	340,767	274,184	261,942
3,349,610	2,889,629	2,540,128	2,199,361	1,925,177	1,663,235
$ 3,864,214	$ 3,349,610	$ 2,889,629	$ 2,540,128	$ 2,199,361	$ 1,925,177
151,219	137,767	125,816	117,399	102,768	95,444
122,588	109,711	102,384	93,419	88,051	69,090
258,272	431,913	(80,112)	304,266	128,549	2,606
(40,983)	(69,798)	(29,514)	(36,728)	(25,460)	(31,038)
(1,667)	(2,434)	(1,545)	(1,575)	(1,451)	(1,587)
(65)	(72)	(81)	(81)	(78)	(78)
489,364	607,087	116,948	476,700	292,379	134,437
3,393,540	2,786,453	2,669,505	2,192,805	1,900,426	1,765,989
$ 3,882,904	$ 3,393,540	$ 2,786,453	$ 2,669,505	$ 2,192,805	$ 1,900,426
$ (18,690)	$ (43,930)	$ 103,176	$ (129,377)	$ 6,556	$ 24,751
100.48%	101.31%	96.43%	105.09%	99.70%	98.71%
1,751,258	1,567,307	1,462,624	1,334,560	1,257,874	987,000
-1.07%	-2.80%	7.05%	-9.69%	0.52%	2.51%

City of Haslet, Texas

SCHEDULE OF CONTRIBUTIONS -

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)-

Last Ten Fiscal Years

	2025	2024	2023	2022
Actuarially Determined Contribution	$ 251,798	$ 227,702	$ 183,964	$ 163,936
Contributions in relation to the actuarially determined contribution	251,798	227,702	183,964	163,936
Covered payroll	$ 2,887,768	$ 2,649,982	$ 2,066,597	$ 1,748,486
Contributions as a percentage of covered payroll	8.72%	8.59%	8.90%	9.38%

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age, Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market, market value recognition method, 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes	There were no benefit changes during the year

2021	2020	2019	2018	2017	2016
$ 152,450	$ 143,571	$ 135,187	$ 124,490	$ 115,524	$ 105,969
152,450	143,571	135,187	124,490	115,524	105,969
$ 1,743,084	$ 1,629,299	$ 1,542,546	$ 1,439,743	$ 1,310,657	$ 1,243,086
8.75%	8.81%	8.76%	8.65%	8.81%	8.52%

City of Haslet, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS -
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS) -
Last Ten Measured Years

	2024	2023	2022
Total OPEB liability			
Service Cost	$ 4,951	$ 4,233	$ 9,014
Interest (on the Total OPEB Liability)	2,153	2,045	1,417
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(2,610)	(929)	(4,731)
Changes in assumptions or other imputs	(3,227)	2,292	(29,019)
Benefit payments	(1,650)	(1,114)	(541)
Net Change in Total OPEB Liability	(383)	6,527	(23,860)
Total OPEB Liability - Beginning	55,456	48,929	72,789
Total OPEB Liability - Ending (a)	$ 55,073	$ 55,456	$ 48,929
Covered Payroll	$ 2,750,317	$ 2,228,099	$ 1,802,771
Total OPEB Liability as a Percentage of Covered Payroll	2.00%	2.49%	2.71%

NOTES TO SCHEDULE OF TOTAL OPEB LIABILITY

The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 75, only periods for which such information is available are presented.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.1010 to pay related benefits for the OPEB Plan.

2021	2020	2019	2018	2017
$ 7,376	$ 6,129	$ 3,918	$ 4,388	$ 3,470
1,355	1,573	1,563	1,309	1,179
-	-	-	-	-
(2,242)	(7,019)	(1,801)	120	-
2,605	9,662	10,427	-	3,386
(686)	(175)	(157)	(16)	(133)
8,408	10,170	13,950	5,801	7,902
64,381	54,211	40,261	37,416	29,514
$ 72,789	$ 64,381	$ 54,211	$ 43,217	$ 37,416
$ 1,715,354	$ 1,751,258	$ 1,567,307	$ 1,462,624	$ 1,334,560
4.24%	3.68%	3.46%	2.95%	2.80%

Note A: Budgetary Process

The official budget was prepared for adoption for the General Fund and the Economic Development Corporation (Type A). The following procedures are followed in establishing the budgetary data reflected in the required supplementary information:

a. Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

b. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must have been given.

c. Prior to the start of the fiscal year, the budget is legally enacted through passage of an ordinance by the City Council.

d. Once a budget is approved, it can only be amended by ordinance by approval of a majority of the members of the City Council.

e. As required by law, such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end.

f. All budget appropriations lapse at year end.

OTHER SUPPLEMENTARY INFORMATION

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Combining Statements, Individual Nonmajor Funds, and Agency Funds as Supplementary Information

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes.

- Park Board Fund – to account for contributions used for park improvements.
- Municipal Court Security Fund – to account for use of municipal court fees assessed for providing security for municipal court.
- Municipal Court Technology Fund – to account for use of municipal court fees assessed for municipal court technology improvements.
- City Parks Improvements Fund – to account for development and impact fees used for park improvements.
- Library Board Fund – to account for contributions used for Library operations and improvements.
- Library Grant Fund – to account for contributions and grants used for Library improvement.
- Insurance Trust Fund – to account for insurance trust funds for the city.
- Coronavirus Grant Fund – to account for coronavirus grant relief funds.
- Hotel/Motel Occupancy Tax Fund – to account for hotel/motel taxes remitted to the city.
- Street Maintenance Fund – to account for funds assigned for maintenance of streets for the city.
- TIRZ #1 Fund – to account for activity of the TIRZ #1 for the city.

Debt Service Fund

- General Obligation Debt Service Fund is used to account for the payment of principal and interest on general long-term bonded debt of the City. Payments of principal and interest on equipment, financing used in general activities of the City and other financing are serviced by the General Fund.

City of Haslet, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

As of September 30, 2025

	Total Nonmajor Special Revenue Funds	Debt Service Fund	EDC (Type A) Fund	Total Nonmajor Governmental Funds
Assets				
Cash and investments	$ 4,537,852	$ 374,005	$ 2,703,648	$ 7,615,505
Receivables (net):				
Property taxes	-	5,701	-	5,701
Sales taxes	178,636	-	178,635	357,271
Other	-	-	233	233
Total Assets	4,716,488	379,706	2,882,516	7,978,710
Liabilities				
Accounts payable	57,054	-	10,733	67,787
Accrued liabilities	995	-	-	995
Total Liabilities	58,049	-	10,733	68,782
Deferred Inflows of Resources				
Deferred revenue	550	5,486	-	6,036
Total Deferred Inflows of Resources	550	5,486	-	6,036
Fund Balances				
Restricted	207,056	374,220	2,871,783	3,453,059
Committed	4,451,828	-	-	4,451,828
Unassigned	(995)	-	-	(995)
Total Fund Balances	4,657,889	374,220	2,871,783	7,903,892
Total Liabilities, Deferred Inflows, and Fund Balances	$ 4,716,488	$ 379,706	$ 2,882,516	$ 7,978,710

City of Haslet, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	Total Nonmajor Special Revenue Funds	Debt Service Fund	EDC (Type A) Fund	Total Nonmajor Governmental Funds
Revenues				
Sales tax	$ 986,248	$ -	$ 986,247	$ 1,972,495
Property tax, penalties, and interest	-	633,532	-	633,532
Contributions	531,845	-	-	531,845
Grant	353,367	-	-	353,367
Park development	150,591	-	-	150,591
Interest	61,371	16,947	49,706	128,024
Hotel occupancy tax	29,908	-	-	29,908
Miscellaneous	26,320	-	-	26,320
Fines	2,967	-	-	2,967
Total Revenues	2,142,617	650,479	1,035,953	3,829,049
Expenditures				
Current:				
Parks	76,661	-	-	76,661
Development	-	-	12,334	12,334
Library	10,663	-	-	10,663
Court	2,793	-	-	2,793
Capital outlay	573,626	-	-	573,626
Debt service:				
Principal	-	401,282	70,000	471,282
Interest	-	270,506	69,650	340,156
Total Expenditures	663,743	671,788	151,984	1,487,515
Revenues Over Expenditures	1,478,874	(21,309)	883,969	2,341,534
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	(263,627)	-	(56,290)	(319,917)
Total Other Financing Sources (Uses)	(263,627)	-	(56,290)	(319,917)
Net Change in Fund Balances	1,215,247	(21,309)	827,679	2,021,617
Beginning Fund Balances	3,442,642	395,529	2,044,104	5,882,275
Ending Fund Balances	$ 4,657,889	$ 374,220	$ 2,871,783	$ 7,903,892

City of Haslet, Texas

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

As of September 30, 2025

	Park Board Fund	Municipal Court Security	Municipal Court Technology	Municipal Court Security & Technology Fund	City Parks Improvements
Assets					
Cash and investments	$ 243,246	$ 33,102	$ 11,091	$ 588	$ 685,666
Receivables	-	-	-	-	-
Total Assets	243,246	33,102	11,091	588	685,666
Liabilities					
Accounts payable	4,679	57	-	-	34,000
Accrued liabilities	-	-	-	-	-
Total Liabilities	4,679	57	-	-	34,000
Deferred Inflows of Resources					
Deferred revenue	550	-	-	-	-
Total Deferred Inflows of Resources	550	-	-	-	-
Fund Balances					
Restricted	-	33,045	11,091	588	-
Committed	238,017	-	-	-	651,666
Unassigned	-	-	-	-	-
Total Fund Balances	238,017	33,045	11,091	588	651,666
Total Liabilities, Deferred Inflows, and Fund Balances	$ 243,246	$ 33,102	$ 11,091	$ 588	$ 685,666

Library Board	Library Grant	Insurance Trust Fund	Coronavirus Grant Fund	Hotel/Motel Occupancy Tax Fund	Street Maintenance Fund	TIRZ #1 Fund	Total Nonmajor Special Revenue Funds
$ 27,847	$ -	$ 10,881	$ -	$ 151,451	$ 1,663,746	$ 1,710,234	$ 4,537,852
-	-	-	-	-	178,636	-	178,636
27,847	-	10,881	-	151,451	1,842,382	1,710,234	4,716,488
648	-	-	-	-	17,670	-	57,054
-	-	-	995	-	-	-	995
648	-	-	995	-	17,670	-	58,049
-	-	-	-	-	-	-	550
-	-	-	-	-	-	-	550
-	-	10,881	-	151,451	-	-	207,056
27,199	-	-		-	1,824,712	1,710,234	4,451,828
-	-	-	(995)	-	-	-	(995)
27,199	-	10,881	(995)	151,451	1,824,712	1,710,234	4,657,889
$ 27,847	$ -	$ 10,881	$ -	$ 151,451	$ 1,842,382	$ 1,710,234	$ 4,716,488

City of Haslet, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2025

	Park Board Fund	Municipal Court Security	Municipal Court Technology	Municipal Court Security & Technology Fund	City Parks Improvements
Revenues					
Sales tax	$ -	$ -	$ -	$ -	$ -
Contributions	-	-	-	-	-
Grant	-	-	-	-	-
Park development fees	-	-	-	-	150,591
Interest	5,951	738	263	-	17,033
Hotel occupancy tax	-	-	-	-	-
Miscellaneous	26,320	-	-	-	-
Fines	-	1,275	1,104	588	-
Total Revenues	32,271	2,013	1,367	588	167,624
Expenditures					
Current:					
Parks	76,661	-	-	-	-
Court	-	751	2,042	-	-
Library	-	-	-	-	-
Capital outlay	-	-	-	-	272,064
Total Expenditures	76,661	751	2,042	-	272,064
Revenues Over Expenditures	(44,390)	1,262	(675)	588	(104,440)
Other Financing Sources (Uses)					
Transfers in (out)	76,070	-	-	-	-
Total Other Financing (Uses)	76,070	-	-	-	-
Net Change in Fund Balances	31,680	1,262	(675)	588	(104,440)
Beginning Fund Balances	206,337	31,783	11,766	-	756,106
Ending Fund Balances	$ 238,017	$ 33,045	$ 11,091	$ 588	$ 651,666

Library Board	Library Grant	Insurance Trust Fund	Coronavirus Grant Fund	Hotel/Motel Occupancy Tax Fund	Street Maintenance Fund	TIRZ #1 Fund	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ -	$ -	$ 986,248	$ -	$ 986,248
-	-	-	-	-	-	531,845	531,845
-	-	-	353,367	-	-	-	353,367
-	-	-	-	-	-	-	150,591
570	-	-	-	3,030	29,643	4,143	61,371
-	-	-	-	29,908	-	-	29,908
-	-	-	-	-	-	-	26,320
-	-	-	-	-	-	-	2,967
570	-	-	353,367	32,938	1,015,891	535,988	2,142,617
-	-	-	-	-	-	-	76,661
-	-	-	-	-	-	-	2,793
10,663	-	-	-	-	-	-	10,663
-	-	-	-	-	301,562	-	573,626
10,663	-	-	-	-	301,562	-	663,743
(10,093)	-	-	353,367	32,938	714,329	535,988	1,478,874
17,815	(4,145)	-	(353,367)	-	-	-	(263,627)
17,815	(4,145)	-	(353,367)	-	-	-	(263,627)
7,722	(4,145)	-	-	32,938	714,329	535,988	1,215,247
19,477	4,145	10,881	(995)	118,513	1,110,383	1,174,246	3,442,642
$ 27,199	$ -	$ 10,881	$ (995)	$ 151,451	$ 1,824,712	$ 1,710,234	$ 4,657,889

City of Haslet, Texas

COMMUNITY AND ECONOMIC DEVELOPMENT CORPORATION TYPE B
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
As of September 30, 2025

Assets		
Cash and cash equivalents	$	5,755,935
Receivables, net		357,270
Inventory		276,962
Total Assets		6,390,167
Liabilities		
Accounts payable		248
Accrued liabilities		12,280
Customer deposits		2,250
Total Liabilities		14,778
Fund Balances		
Unassigned		6,375,389
Total Fund Balances		6,375,389
Total Liabilities and Fund Balances	$	6,390,167

City of Haslet, Texas

COMMUNITY AND ECONOMIC DEVELOPMENT CORPORATION TYPE B
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNIT
As of September 30, 2025

Amounts reported for the governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental fund	$	6,375,389
Capital assets used in governmental activities are not financial resources. Therefore, they are not reported in the governmental fund.		6,077,344
Long term liabilities, including bonds payable and accrued interest, are not due and payable in the current period. Therefore, they are not reported in the governmental fund.		(3,378,821)
Net Position of Discretely Presented Component Unit - Statement of Net Position	$	9,073,912

City of Haslet, Texas

COMMUNITY AND ECONOMIC DEVELOPMENT CORPORATION TYPE B
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - DISCRETELY PRESENTED COMPONENT UNIT
For the Year Ended September 30, 2025

Revenues		
Taxes:		
Sales	$	1,972,506
Lease income		11,900
Interest revenue		98,608
Other income		168,676
Total Revenues		2,251,690
Expenditures		
Current:		
Development services		141,901
Debt service:		
Principal retirement		140,000
Interest expense and fiscal charges		139,550
Total Expenditures		421,451
Revenues Over Expenditures		1,830,239
Net Change in Fund Balances		1,830,239
Beginning Fund Balances		4,545,150
Ending Fund Balances	$	6,375,389

City of Haslet, Texas

COMMUNITY AND ECONOMIC DEVELOPMENT CORPORATION TYPE B
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNIT
For the Year Ended September 30, 2025

Amounts reported for the governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Discretely Presented Component Unit	$	1,830,239
Expenses related to long term debt activity is not reported as expenses in the SOA.		18,846
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		140,000
Change in Net Position of the Discretely Presented Component Unit	$	1,989,085

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

COMMUNITY AND ECONOMIC DEVELOPMENT CORPORTATION TYPE B

For the Year Ended September 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Sales tax	$ 1,215,000	$ 1,215,000	$ 1,972,506	$ 757,506
Lease income	33,630	33,630	11,900	(21,730)
Interest	41,000	41,000	98,608	57,608
Total Revenues	1,289,630	1,289,630	2,251,690	962,060
Expenditures				
Economic development	164,590	171,053	141,901	29,152
Debt service:				
Principal	140,000	140,000	140,000	-
Interest	139,000	139,000	139,550	(550)
Total Expenditures	443,590	450,053	421,451	28,602
Excess (Deficiency) of Revenues Over (Under) Expenditures	846,040	839,577	1,830,239	990,662
Net Change in Fund Balances	846,040	839,577	1,830,239	$ 990,662
Beginning Fund Balances	4,545,150	4,545,150	4,545,150	
Ending Fund Balances	$ 5,391,190	$ 5,384,727	$ 6,375,389	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

COMMUNITY AND ECONOMIC DEVELOPMENT CORPORTATION TYPE A

For the Year Ended September 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Sales tax	$ 607,500	$ 607,500	$ 986,247	$ 378,747
Interest	15,000	15,000	49,706	34,706
Total Revenues	622,500	622,500	1,035,953	413,453
Expenditures				
Economic development	135,975	135,975	-	135,975
Debt service:				
Principal	70,000	70,000	70,000	-
Interest	69,650	69,650	69,650	-
Total Expenditures	275,625	275,625	139,650	135,975
Excess (Deficiency) of Revenues Over (Under) Expenditures	346,875	346,875	896,303	549,428
Other Financing Sources (Uses)				
Transfers out	(56,290)	(56,290)	(56,290)	-
Total Other Financing Sources (Uses)	(56,290)	(56,290)	(56,290)	-
Net Change in Fund Balances	290,585	290,585	840,013	$ 549,428
Beginning Fund Balances	2,044,104	2,044,104	2,044,104	
Ending Fund Balances	$ 2,334,689	$ 2,334,689	$ 2,884,117	

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COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor, Members of the City's Council, and Management
City of Haslet, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Haslet, Texas (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vail + Park, P.C.

Tom Bean, Texas
March 27, 2026